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## Making Investment Easy

By ALBERT W. ATWOOD



A GREAT many readers of this magazine want to know about the partial-payment plan of buying stocks and bonds. Since the plan was introduced, ten or fifteen years ago, it has made steady progress, but never have so many investors shown an interest in it as at the present time.

The partial-payment method of buying securities is sometimes known as periodical or instalment investment. If properly used it is an excellent incentive to the wise saving and investment of money. It is an ingenious and at the same time simple device to enable persons with small means to purchase high-grade securities.

Questions naturally arise regarding the operation and meaning of partial payments, and, like all other financial subjects, people cherish numerous conceptions about it. The following by no means unintelligent letter from a woman in Detroit is typical:

Would you give me your candid opinion whether you consider buying stocks on the partial-payment plan a safe investment for a woman, particularly purchasing them through a New York broker, whose standing and reliability, on account of distance and lack of knowledge, would be hard for me to ascertain. I am very anxious to invest my savings in this manner, if I knew of some absolutely reliable house. However, I have been rather unfortunate in former investments and wish to be careful. Locally there is no broker who sells on partial payment, as far as I can learn. But there are a number in New York; only I am afraid to venture without advice. I want firms that have strong financial backing and are absolutely reliable. I am afraid of those whose names I see in the papers, not knowing anything about them.

### Simple When Understood

AS already stated, the partial-payment plan is ingenious, but very simple. For a share of stock selling at, say, \$100, an initial payment of \$20 or \$25 is required, and the stock is actually purchased and held by the broker until it has been paid for in full by regular monthly deposits of \$5, when the certificate goes to the investor. Until all payments are made the broker charges 6 per cent. interest on unpaid balances; but the investor gets the full dividend.

It will be seen at once that a person with only \$100 can thus become the owner of five shares of the highest grade railroad, industrial, public-utility, or any other established preferred or other sound investment stocks, and complete the payments as he or she saves the money—\$5 a month for each share. The first or initial payment is supposed to be so large that the broker rarely feels obliged to ask for anything further before the first of the following month, and of course the safety of the operation grows as each month's payment comes in. If the monthly payments are not met the purchaser's complete ownership is merely delayed. He suffers no actual loss.

The partial-payment plan can also be applied to the purchase of good bonds.

An honest and conservative broker will refuse to make a purchase on this basis which he considers particularly dangerous; but, naturally, he is not likely to refuse to buy a stock merely because he regards it as unwise.

Obviously, no one should buy stocks or bonds in this way unless fully competent to meet the payment. It is exactly like the purchase of anything else on instalments—a house, for example—and naturally attended with the same possibilities of danger. One respect in which the instalment purchase of stocks and bonds is safer than the purchase of a house on mortgage is that the stock-buyer can always call for

the delivery of such amount of stock as he has actually paid for. If one has paid only \$200 on five shares and can not meet the remaining payments, he can instruct the broker to deliver two shares. This is not so easy to do with a house.

### When the Plan Is Good

SOME people seem to have an idea that there is something special or patented about the partial-payment plan that guarantees and safeguards it. Its safety depends solely and absolutely upon the circumstances of each case. These are:

1. Whether the stock or bond is a fairly secure and steady one. If it fluctuates violently in price no partial-payment plan would be safe.
2. Whether the payments, or deposits, are relatively large, as such things go in Wall Street, for the particular stock.
3. Whether the broker is strong and has ample resources to meet inevitable declines in the market.
4. Whether the investor has the resources to pay for his stock in full, or nearly so, if the price should suffer a severe decline. This is most important of all.

A number of brokers of good standing and ample resources have built up an extensive business catering to small investors and speculators who buy on part payment. They have excellent facilities for carrying on the business; they expect small accounts, and show no snobbish attitude toward them. Most of these brokers advertise extensively, and they deserve the confidence and patronage of readers of this magazine.

On the other hand, scores of petty, irresponsible persons posing as brokers have adopted the partial-payment plan as a device to secure new accounts. It is merely a scheme to get people to speculate with them. Investors should confine their partial-payment purchases to well known and responsible members of leading stock exchanges, or to investment bankers of known standing and reputation.

To buy stocks on partial payment from sudden new mushroom firms that are not favorably known to banks and mercantile and reporting agencies is the height of foolhardiness. This was well illustrated a few months ago in New York, when hundreds of investors bought a very strong and attractive stock, Ohio Oil, on the partial-payment plan from a then unknown firm which later proved to be a mere device to conceal the identity of a notorious promoter who has since been sentenced to jail.

Despite the value of Ohio Oil, complete loss now confronts the confiding customers.

### The Plan Is Not Patented

WHILE the brokers who have built up and developed the partial-payment business deserve the patronage of investors, it would be absurd to pretend that they have any patent on the plan. There is hardly a broker, or for that matter a bank or trust company in the United States, that will not accommodate a pur-

## Partial Payment Bulletins

If you have purchased or contemplate the purchase of securities on the Partial Payment Plan, you will be interested in a series of bulletins which we are issuing on the uses of this form of investing while you save.

Capable of adaptation to the widest field of service, and fitted to the individual requirements of all savers, the Partial Payment Plan, legitimately used, offers the means of attaining the particular financial goal which is within your reach.

There are abuses as well as uses attached to the Partial Payment Plan when put forward by careless or irresponsible brokers.

If you are interested in the Partial Payment Idea, you should read these bulletins as issued.

Send for Bulletin No. 1.

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Bonds are mortgages on carefully appraised property. The interest and principal must be paid when due.

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